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**Peace Valley Telephone Company
("Peace Valley" or "Company")
ANNUAL PROGRESS REPORT UPDATE TO IT'S FIVE YEAR SERVICE
QUALITY IMPROVEMENT PLAN
Due July 1, 2016
Study Area Code 42-1936**

INTRODUCTION

OVERVIEW

PROGRESS REPORT FROM 2015

2015

**IMPROVEMENT PLANS FOR 2016 AND SUMMARY DISCUSSION OF PLAN
FOR 2015**

PEACE VALLEY TELEPHONE'S PROGRESS MAP WAS FILED BUT HAS BEEN
REDACTED FOR PUBLIC INSPECTION

[illegible]

[illegible]

PEACE VALLEY TELEPHONE NETWORK IMPROVEMENT PROJECTS 2017
 REDACTED—FOR PUBLIC INSPECTION

WIRE CENTER NAME A	DESCRIPTION OF IMPROVEMENT B	COST ESTIMATE C	REGULATED % ALLOCATION D	AMOUNT IN USE SUPPORT AREA E=C*D	% VOICE F	ALLOCATED VOICE E*F	% BROADBAND H	ALLOCATED BROADBAND E*H	AREA IMPACTED ***	POPULATION IMPACTED ***	TARGET COMPLETE DATE ***	ACTUAL COMPLETE DATE ***	Notes
Peace Valley				\$0		\$0		\$0					
	TOTALS	\$0		\$0		\$0		\$0					
	Repairs and Maintenance Expenses	\$0		\$0		\$0		\$0					
	TOTALS, including Repairs and Maintenance	\$0		\$0		\$0		\$0					

NOTES

[illegible]

[illegible]

Summary of Peace Valley Telephone Network Improvement Projects 2015-2019

Year	Total of Regulated Projects	Voice	Broadband
CAPEX only:			
2015	\$0	\$0	\$0
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
CAPEX, plus Repairs and Maintenance:			
2015	\$0	\$0	\$0
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0

REDACTED--FOR PUBLIC INSPECTION

DEIDIKER
ACCOUNTING & CONSULTING, LLC
Certified Public Accountants
DEIDIKER ACCOUNTING BUILDING
542 BRATTON AVENUE
WEST PLAINS, MO 65775
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Independent Accountant's Review Report

We have reviewed the accompanying balance sheet of Peace Valley Telephone Company as of December 31, 2015, and the related statements of income, cash flows and stockholders' equity for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance the Uniform system of Accounts accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with the Uniform System of Accounts accounting principles as described in Note 1.

DEIDIKER, Accounting & Consulting, LLC

DEIDIKER, Accounting & Consulting, LLC
Certified Public Accountants
June 7, 2016

PEACE VALLEY TELEPHONE COMPANY
PEACE VALLEY, MISSOURI

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT
AND
FINANCIAL STATEMENTS**

For the Year Ended December 31, 2015

DEIDIKER Accounting & Consulting, LLC
Certified Public Accountants
DEIDIKER ACCOUNTNG BUILDING
542 Bratton Avenue
West Plains, MO 65775

PEACE VALLEY TELEPHONE COMPANY

Table of Contents

	<u>Page</u>
Independent Accountant's Review Report	1
Balance Sheet	2
Statement of Income	3
Statement of Cash Flows	4
Statement of Stockholders' Equity	5
Notes to the Financial Statements	6-10

REDACTED --FOR PUBLIC INSPECTION

PEACE VALLEY TELEPHONE COMPANY

Balance Sheet
December 31, 2015

ASSETS

Current Assets:

Cash on Hand
Accounts Receivable
Accounts Receivable-Group D
Temporary Investments

Total Current Assets

Plant, Property, and Equipment:

Buildings and Land
Motor Vehicles
Office Equipment
Digital Equipment
Circuit Equipment
Other Work Equipment
Buried Cable

Total Property, Plant, and Equipment

Accumulated Depreciation

Total Property, Plant, and Equipment-Net Depreciation

Other Assets:

Cash Bosserman Electric
Community Center
Bossermen Electric Acct. Receivable
USAC Credit
Prepaid Taxes
Mousf

Total Other Assets

TOTAL ASSETS

LIABILITIES & STOCKHOLDER'S EQUITY

Current Liabilities

Payroll Tax Liabilities
Sales Tax Liabilities

Total Current Liabilities

Stockholder's Equity

Capital
Additional Paid-In Capital
Retained Earnings

Total Stockholder's Equity

TOTAL LIABILITIES AND STOCKHOLDER EQUITY

PEACE VALLEY TELEPHONE COMPANY

Statement of Income
Fiscal Year Ended December 31, 2015

REVENUES:

	<u>Regulated</u>	<u>Non-Regulated</u>	<u>Total</u>
Total Network Access			
Internet Income			
Local Network Service			
DSL Regulated Income			
Custom Work Income			
Non-Regulated Income-other			
Interest Income			
Community Center Rent			
Special Billed Revenue			
Socket Rent			
Long Distance Network			
Uncollectibles			
Uncollectibles-Group D			

TOTAL REVENUES

EXPENSES:

	<u>Regulated</u>	<u>Non-Regulated</u>	<u>Total</u>
Cable and Wire Facilities			
General and Administration			
Central Office			
Internet Expense			
General Support			
Labor			
Taxes			
Special Charges			
Community Center Expense			

TOTAL EXPENSES

NET INCOME (LOSS) FOR THE YEAR

The accompanying notes are an integral part of this financial statement

PEACE VALLEY TELEPHONE COMPANY

Statement of Cash Flows
Fiscal Year Ended December 31, 2015

Cash Flows from Operating Activities

Net Income

Adjustments to Reconcile Net Assets to Net Cash
Provided by Operating Activities

Depreciation

Decrease (Increase) in Accounts Receivable

Decrease (Increase) in Acct. Receivable-Group D

Increase (Decrease) in Operating Liabilities

Increase (Decrease) in Payroll Taxes Payable

Net Cash Provided (Used) by Operating Activities

Cash Flows from Investing Activities

Decrease (Increase) in Temporary Investments

Decrease (Increase) in Long-Term Investments

Decrease (Increase) in other Investments

Purchase of Equipment

Net Cash Flows Provided (Used) by Investment Activities

Cash Flows from Financing Activities

Dividends

Net Cash Flows Provided (Used) by Financing Activities

Net Increase (Decrease) in Cash

Cash- Beginning of Year

Cash- End of Year

The accompanying notes are an integral part of this financial statement

PEACE VALLEY TELEPHONE COMPANY

Statement of Stockholders' Equity
Fiscal Year Ended December 31, 2015

	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, January 1, 2015	[REDACTED]	[REDACTED]	[REDACTED]
Net Income (Loss)		[REDACTED]	[REDACTED]
Dividends Paid		[REDACTED]	[REDACTED]
Balance, December 31, 2015	[REDACTED]	[REDACTED]	[REDACTED]

The accompanying notes are an integral part of this financial statement

PEACE VALLEY TELEPHONE COMPANY

NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2015

The Peace Valley Telephone Company provides telephone and broadband internet service to the residents of Peace Valley, Missouri and surrounding areas and is governed by a five member board of directors. The Peace Valley Telephone Company was organized in May 1960, as a small telephone company in Peace Valley, Missouri. Its main office continues to operate in Peace Valley, Missouri

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

All significant activities and organizations over which the Peace Valley Telephone Company exercises oversight responsibility have been included in the Company's financial statements for the year ended December 31, 2015. The following criteria regarding manifestation of oversight were considered by the Company when developing its results of financial operations.

Financial Interdependency- The Company is responsible for its debts and is entitled to surpluses. No separate entity receives a financial benefit nor imposes a financial burden on the Company.

Election of Management Authority – The elected Board of Directors is exclusively responsible for all decisions and is accountable for the decisions it makes. The day-to-day operations of the Company are under the control of its Office Manager.

Ability to Significantly Influence Operations – The Board of Directors has the implied authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, controls over assets, including facilities and properties, short term borrowing, signing contracts, and developing the services to be provided.

Accounting of Fiscal Matters – The responsibility and accountability over all funds is vested in the Board of Directors

B. Basis of Accounting

The Company uses the revised Uniform System of Accounts (USOA) financial accounting system which reports the results of operations and financial events in a manner which enables both the Board of Directors and regulators to assess the results of operations within a specified accounting period. The USOA also provides the finance community and others with financial performance results.

The financial accounts of the Company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called transaction cycles, business processes, functions or activities. The natural groupings represent what happens within the Company on a consistent and continuing basis. The repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial accounting structure.

The Company maintains its accounting system for revenues and expense purposes under a self-balancing set of accounts to record the financial position and results of operations of a specific activity. The Company maintains the following fund types:

Regulated Accounts – Regulated accounts shall be interpreted to include the revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Federal Communications Commission.

Non-regulated Accounts – Preemptively deregulated activities and activities never subject to regulation will be classified for accounting purposes as non-regulated.

C. Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The Company utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in owner’s equity, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

In the financial statements, the Company utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used without regard to when cash is received or disbursed.

2. ACCOUNTS RECEIVABLE:

Under the Uniform System of Accounts (USOA) basis of accounting, the Company recognizes accounts receivable at the time revenues are recognized. Bad debt expense is recognized at the time the accounts receivable becomes uncollectible. Bad debt is charged to current revenues as uncollectible revenue. As of December 31, 2015, the Company maintained accounts receivable totaling \$ [REDACTED]

3. CASH AND CASH EQUIVALENTS

For the purpose of the Balance Sheet and the Statement of Cash Flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

4. INVESTMENTS:

The Company invests in short-term investments as cash flow allows. As of December 31, 2015, short-term investments totaled \$[REDACTED]

5. PROPERTY, PLANT AND EQUIPMENT:

Depreciation of fixed assets used by the Company is charged as an expense against operations. The depreciation for assets is based on the Straight-Line Method over the estimated useful life of the assets as follows:

<u>Asset</u>	<u>Useful Life</u>
Buildings and Land	[REDACTED] Years
Motor Vehicles	[REDACTED] Years
Office Equipment	[REDACTED] Years
Digital Equipment	[REDACTED] Years
Circuit Equipment	[REDACTED] Years
Other Work Equipment	[REDACTED] Years
Buried Cable	[REDACTED] Years

Capital Assets activity for the year ended December 31, 2015, was as follows:

<u>Asset</u>	<u>Balance as of Jan. 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of December 31, 2015</u>
Buildings and Land	[REDACTED]			[REDACTED]
Motor Vehicles	[REDACTED]			[REDACTED]
Office Equipment	[REDACTED]	[REDACTED]		[REDACTED]
Digital Electronics	[REDACTED]	[REDACTED]		[REDACTED]
Circuit Equipment	[REDACTED]	[REDACTED]		[REDACTED]
Other Work Equipment	[REDACTED]	[REDACTED]		[REDACTED]
Buried Cable	[REDACTED]	[REDACTED]		[REDACTED]
Total	[REDACTED]	[REDACTED]		[REDACTED]

Capital Asset Depreciation for the year ended December 31, 2015, was as follows:

<u>Asset</u>	<u>Balance as of Jan. 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of December 31, 2015</u>
Buildings and Land	[REDACTED]	[REDACTED]		[REDACTED]
Motor Vehicles	[REDACTED]	[REDACTED]		[REDACTED]
Office Equipment	[REDACTED]	[REDACTED]		[REDACTED]
Digital Equipment	[REDACTED]	[REDACTED]		[REDACTED]
Circuit Equipment	[REDACTED]	[REDACTED]		[REDACTED]
Other Work Equipment	[REDACTED]	[REDACTED]		[REDACTED]
Buried Cable	[REDACTED]	[REDACTED]		[REDACTED]
Total	[REDACTED]	[REDACTED]		[REDACTED]

6. OTHER ASSETS:

Other assets consist of miscellaneous investments and prepaid expenses owned by the Company as of December 31, 2015.

7. LONG AND SHORT-TERM DEBT:

At December 31, 2015, the Company did not maintain outstanding long-term debt. Short-term debt consisted of various unpaid tax accounts.

8. RISK MANAGEMENT:

The Company is exposed to various risks of loss related to limited torts, theft or damage to and destruction of assets, errors and omissions and natural disasters for which the Company carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage. The Company retains an attorney for litigation purposes and no material outstanding contingencies existed as of December 31, 2015.

9. SUBSEQUENT EVENTS:

The Company has evaluated subsequent events through June 7, 2016 the date that the financial statements were issued and available to be used.